

Message Text

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PAGE 01 STATE 036598
ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-04 TRSE-00 ITC-01
FEA-01 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01
H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02
AID-05 CIEP-02 SS-15 USIA-15 PRS-01 SP-02 OMB-01
AF-08 ARA-10 EA-09 NEA-10 /148 R

DRAFTED BY EB/OT/STA:WTDIROLL:JH
APPROVED BY EB/OT/STA:JSSPIRO
STR:DWHITNACK
TREAS:WBARREDA
EUR/RPE:RBRESLER

-----180529 083195 /14

R 171948Z FEB 77
FM SECSTATE WASHDC
TO USMISSION GENEVA
USMISSION OECD PARIS
INFO USDEL MTN GENEVA

UNCLAS STATE 036598

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: SECTION 201 INVESTIGATION OF NON - RUBBER FOOT-
WEAR: NOTIFICATION OF UNITED STATES INTERNATIONAL TRADE
COMMISSION (USITC) FINDING AND RECOMMENDATION

REF: STATE 29943

1. REQUEST ADDRESSEES NOTIFY THE GATT AND OECD SECRE-
TARIATS RESPECTIVELY THAT THE USITC HAS FOUND THE UNITED
STATES FOOTWEAR INDUSTRY IS BEING INJURED BY IMPORTS AND
RECOMMENDED TARIFF RATE QUOTA RELIEF. IN MAKING THE
NOTIFICATIONS PLEASE BE GUIDED BY THE TEXT OF THE PERTINENT
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PART OF THE USITC PRESS RELEASE OF FEBRUARY 8 ANNOUNCING
THE COMMISSION'S DETERMINATION. IT READS AS FOLLOWS:
BEGIN TEXT:

THE UNITED STATES INTERNATIONAL TRADE COMMISSION TODAY
REPORTED TO PRESIDENT CARTER THAT THE DOMESTIC FOOTWEAR
INDUSTRY IS BEING SERIOUSLY INJURED BY IMPORTS AND

RECOMMENDED THAT TARIFF-RATE QUOTAS BE IMPOSED TO RELIEVE THE INJURY. THE INVESTIGATION WAS UNDERTAKEN AT THE REQUEST OF THE SENATE FINANCE COMMITTEE. THE COMMISSION'S REPORT IS THE CULMINATION OF A 4-MONTH INVESTIGATION

CONDUCTED UNDER THE "IMPORT RELIEF" PROVISION, SECTION 201, OF THE TRADE ACT OF 1974.

THE COMMISSION'S INJURY DETERMINATION WAS UNANIMOUS. CHAIRMAN DANIEL MINCHEW, VICE CHAIRMAN JOSEPH O. PARKER, AND COMMISSIONERS GEORGE M. MOORE AND CATHERINE BEDELL RECOMMENDED TARIFF-RATE QUOTAS AS A FORM OF RELIEF. COMMISSIONER WILL E. LEONARD RECOMMENDED HIGHER TARIFFS, AND COMMISSIONER ITALO H. ABLONDI RECOMMENDED ADJUSTMENT ASSISTANCE. THE RELIEF WOULD LAST UP TO 5 YEARS, WITH A POSSIBLE EXTENSION OF 3 YEARS THEREAFTER, IF THE PRESIDENT DECIDES THAT SUCH AN EXTENSION WOULD BE IN THE NATIONAL INTEREST.

THE TARIFF-RATE-QUOTA SYSTEM PROPOSED BY THE FOUR COMMISSIONERS WOULD PERMIT UP TO 265 MILLION PAIRS OF SHOES TO ENTER AT PRESENT RATES OF DUTY, WHICH ARE GENERALLY BETWEEN 6 AND 15 PERCENT. ALL "OVERQUOTA" IMPORTS WOULD BE DUTIABLE INITIALLY AT A TARIFF RATE OF 40 PERCENT.

COMMISSIONERS PARKER, MOORE, AND BEDELL PROPOSE THAT THE OVERQUOTA TARIFF BE 40 PERCENT FOR THE FIRST 3 YEARS AND BE PHASED DOWN TO 30 PERCENT IN THE FOURTH YEAR AND 20 PERCENT IN THE FIFTH YEAR BEFORE BEING TERMINATED.
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COMMISSIONER MINCHEW PROPOSES A 40 PERCENT OVERQUOTA TARIFF FOR THE FIRST 2 YEARS, PHASED DOWN TO 35 PERCENT THE THIRD YEAR, 30 PERCENT IN THE FOURTH YEAR, AND 20 PERCENT IN THE FIFTH YEAR. THE COMMISSIONERS RECOMMEND THAT THE TARIFF-RATE QUOTAS BE ADMINISTERED ON A COUNTRY-BY-COUNTRY BASIS. THEY WOULD EXEMPT ZORIS AND DISPOSABLE PAPER FOOTWEAR, WHICH ARE NOT GENERALLY MADE IN THIS COUNTRY, AND WOULD ALSO EXEMPT ATHLETIC FOOTWEAR VALUED FOR CUSTOMS PURPOSES AT OVER \$8 A PAIR.

COMMISSIONER LEONARD PROPOSED THAT TARIFFS BE INCREASED ON ALL OF THE IMPORTED FOOTWEAR UNDER INVESTIGATION (EXCEPT DISPOSABLE PAPER FOOTWEAR) TO 30 PERCENT FOR THE FIRST 2 YEARS, WITH SUCH RELIEF BEING STAGED DOWN TO 28 PERCENT IN THE THIRD YEAR, 25 PERCENT IN THE FOURTH YEAR, AND TO 20 PERCENT IN THE FIFTH AND FINAL YEAR OF IMPORT RELIEF MEASURES.

COMMISSIONER ABLONDI RECOMMENDED ADJUSTMENT ASSISTANCE.

SUCH ASSISTANCE COULD PROVIDE SHOE WORKERS WITH SPECIAL UNEMPLOYMENT AND TRAINING BENEFITS AND COULD PROVIDE FIRMS WITH LOANS AND LOAN GUARANTEES. THE ADJUSTMENT ASSISTANCE PROGRAM IS ADMINISTERED BY THE DEPARTMENTS OF LABOR AND COMMERCE.

IN 1975 THERE WERE 376 COMPANIES PRODUCING NONRUBBER FOOTWEAR, COMPARED WITH 409 IN 1974. THE MAJOR FOOTWEAR-PRODUCING AREAS IN THE UNITED STATES ARE THE MIDDLE ATLANTIC AND NEW ENGLAND STATES, ALTHOUGH SHOES ARE MANUFACTURED IN 37 STATES. THE NONRUBBER-FOOTWEAR INDUSTRY EMPLOYED 163,000 WORKERS IN 1975, A DECREASE OF NEARLY 10 PERCENT FROM 1974. THERE WAS A SUBSTANTIAL DECLINE IN THE NUMBER OF WORKERS ENGAGED IN THE PRODUCTION OF RUBBER FOOTWEAR DURING 1974-75. END TEXT.

2. MISSIONS SHOULD ALSO STATE, AS NOTED IN REFTTEL, THAT UNCLASSIFIED

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THE PRESIDENT WILL MAKE A DECISION ON THE DISPOSITION OF THE USITC RECOMMENDATION WITHIN SIXTY DAYS FROM THE DATE OF THE RECEIPT OF THE REPORT (I.E., BY APRIL 9).
HARTMAN

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PAGE 01 STATE 036598
ORIGIN EUR-04

INFO OCT-01 ISO-00 /005 R

66011
DRAFTED BY: EUR/RPE:EACASEY:CC
APPROVED BY: EUR/RPE: EA CASEY
-----241904 031388 /40

R 241740Z FEB 77
FM SECSTATE WASHDC
TO USMISSION EC BRUSSELS

UNCLAS STATE 036598

FOLLOWING REPEAT STATE 36598 ACTION USMISSION GENEVA USMISSION

OECD PARIS INFO USDEL MTN GENEVA 17 FEB:

QUOTE

UNCLAS STATE 036598

E.O. 11652: N/A

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OF THE USITC RECOMMENDATION WITHIN SIXTY DAYS FROM THE
DATE OF THE RECEIPT OF THE REPORT (I.E., BY APRIL 9).
HARTMAN UNQUOTE
VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, FOOTWEAR, IMPORTS, INVESTIGATIONS, TARIFFS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
Drafter: WTDIROLL:JH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770057-1142
Format: TEL
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Handling Restrictions: n/a
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Line Count: 286
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Litigation History:
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Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Review Content Flags:
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Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 3293004
Secure: OPEN
Status: NATIVE
Subject: SECTION 201 INVESTIGATION OF NON - RUBBER FOOT- WEAR: NOTIFICATION OF UNITED STATES INTERNATIONAL TRADE COMMISSION (USITC) FINDING AND RECOMMENDATION
TAGS: ETRD, US, USITC
To: GENEVA OECD PARIS
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/f39217c5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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